

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2962 - SB 2826**

February 6, 2012

**SUMMARY OF BILL:** Requires a court ordered evaluation to determine the mental health capacity of an individual charged with a misdemeanor to be completed within 15 days of the examination professional receiving the court order.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Net Impact - \$231,900**

**Increase Local Expenditures – Net Impact - \$295,400**

Assumptions:

- According to the Department of Mental Health (DMH), the state contracts with community mental health agencies (CMHAs) to perform the initial outpatient evaluations. Per those contracts, the CMHAs have 30 days to complete the outpatient evaluations. The proposed legislation will decrease that time period by 15 days.
- In FY10-11, there were 2,082 ordered outpatient evaluations of criminal defendants. Approximately twenty-one percent, or 442, of the evaluations were for misdemeanor offenses.
- These outpatient evaluations are paid for by the counties.
- The average amount charged per evaluation is \$577.60. DMH estimates a 20 percent increase in the rate charged per evaluation to cover the increased staffing and workload resulting from the decreased time to complete the evaluations. The total estimated increase for outpatient evaluations is \$51,060 {442 evaluations x [(\$577.60 x 1.2) - \$577.60]}.
- According to the DMH, most counties have entered into cooperative agreements with the Department to pay the \$450 per diem rate (same as the TennCare managed care rates) for inpatient evaluations. In FY10-11, actual costs averaged \$877 per day.
- In FY10-11, there were 481 outpatient evaluations that were referred for an inpatient evaluation. Eighteen percent, or 87, of the evaluations were for misdemeanor offenses.
- According to DMH, the average length of stay for an inpatient evaluation is 21 days. Reducing the number of days for an inpatient evaluation by 6 days (21-15) will result in a decrease in local expenditures of \$234,900 (\$450 x 6 days x 87 evaluations).

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- There will be a corresponding decrease in state expenditures of \$222,894 [(\$877 actual costs - \$450 rate) x 6 days x 87] for the state no longer covering those unreimbursed costs.
- In FY10-11, there were 1,601 outpatient evaluations that were not referred for inpatient evaluations. According to DMH, the outpatient evaluations referred for inpatient evaluations will increase by 20 percent due to the reduced time period for the completion of outpatient evaluations. This will result in 71 [(442-87) x 20%] additional inpatient evaluations.
- The increase in local expenditures for the 71 evaluations will be \$479,250 (71 x 15 days x \$450).
- The increase in state expenditures for the 71 evaluations will be \$454,755 (71 x 15 days x \$427 unreimbursed costs).
- The net increase in state expenditures is \$231,861 (\$454,755 - \$222,894).
- The net increase in local expenditures is \$295,410 (\$479,250 + \$51,060 - \$234,900).

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/kml